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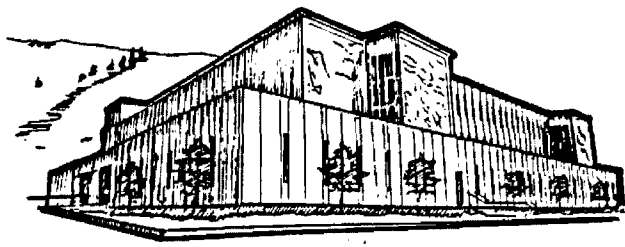
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University of
Montana

A Study Of
The Montana Certified Communities Program

By

James Raymond Edgar

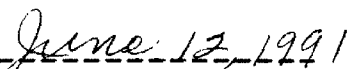
B.S. University of New York Albany, 1988

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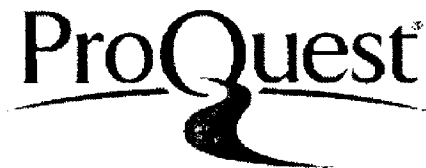


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Chapter I

Certified Cities Programs

Certified cities programs are unique and different from other economic development efforts. The community receives official certification only after completing the program's requirements. Additionally, there is official recognition of the completion, typically in the form of highway signs designating certification, and/or special state advertisement announcing certification to perspective firms. This recognition is usually given by the administering agency, which may be the state, an extension service, or a private agency.

As these programs have evolved they have changed their emphasis. Many older programs, some of which are still in operation, were geared toward community self-help and development. But more recent certified programs emphasize economic and industrial preparedness. In the older programs, requirements normally focused on determining the community's strengths and weaknesses, then taking action to make improvements where necessary. These actions might include efforts to improve government services or transportation. Certification is usually based on demonstration of progress toward, or achievement in, weak areas identified by the program.

More recent programs often require the collection of

data and the development of marketing techniques to assist in attracting new firms and/or the retention of current businesses. Certification is awarded when communities complete specified requirements, which may include hosting a mock prospect visit or preparing brochures for tourism or both.

The success of certified cities programs in the 1980s has encouraged several states to start new programs.² Montana's Certified Communities was started during that period. The Montana Certified Communities Program is a statewide economic development effort conducted by the Department of Commerce. It is designed to educate and stimulate local independent economic development organizations to exercise optimal influence over their economic environment. The effect these organizations have on economic development is unclear. Some organizations appear to have effective programs that impact the local economy greatly, others never seem to get out of the start-up mode. These have little or no impact. Some factors that may affect the success of organizations are motivation, organizational stability, stated goal, funding, and communication.

Methodology

The data for this study comes from a comprehensive survey and case studies of two cities certified in 1986,

²Niswanger, 1.

Glendive and Whitefish. Variables used in this analysis are funding, organizational structure, man-hours spent on certification and recertification, progress toward the goals, as well as changes between the initial five-year plan and current goals and membership changes. Funding analysis will examine patterns of income sources and expenditures: for example, changes in the source of income and how much has is spent on administration relative to promotion. Changes in funding sources and expenditures will indicate the growth or decline of the organizations. Organizational structure will be examined for stability and growth, focusing on whether there was any substantial reorganization, involving either a shift of responsibility or a change in membership. This will indicate the strength the organizational motivation. Since both communities have undergone recertification, the number of hours spent in the certification and recertification process will be compared. The goals in the five-year plans will be examined to determine progress made toward them. They will be reviewed and compared for changes, completions or alterations. This will indicate the success or failure of organizations because of unrealistic goals or reorganization.

Information has been gathered from promotional material, five-year plans and updated plans. These were supplied by the Montana Department of Commerce, Glendive Forward of Montana and The Whitefish Community Development

Corporation. Interviews were conducted with the administrators and presidents of each development corporation to supplement and discuss any area not covered.

As stated above, 25 other states have programs similar to Montana's. Some have been contacted for information about their programs. Additionally, material about these programs has been obtained through the National Association of State Development Agencies. The material provided by the other states has been reviewed for similarities to the Montana Program. This information was used to identify possible suggestions for improving Montana's program.

The survey of the Certified Communities Program was conducted through a mail-out sent to all the thirty-nine certified corporations. This data was needed to establish the general experience of communities participating in the program and to establish a comparative base to the Whitefish and Glendive cases. This was also used to determine the status of the remaining thirty-eight certified corporations. The survey consisted of structured and open-ended questions. The structured questions sought information concerning such areas as funding, personnel changes, number of inquiries each has received and status of recertification efforts. The open-ended questions requested recommendations for improvements or changes to the program.

There was little difficulty encountered while conducting the case studies. One difficulty was the

reluctance by Glendive and Whitefish to provide requested information about funding and expenditures. When it was explained that this information was public domain it was willingly provided. This reluctance is significant and attempts to obtain the information have provided additional insight into each organization. The problem of low response to the surveys was not a factor as fifty-four percent of the communities responded. The final report will be provided to the local development officer of the Department of Commerce and will include the analysis and recommendations. The case studies of Whitefish and Glendive and the surveys of other communities will provide information to determine the extent certified communities organizations are impacting local economic development. Additionally, the Department of Commerce has stated this paper will be used to make recommendations that could improve the delivery of the program, with the goal of improving certification rates, recertification rates, and increasing economic development success.

The Montana Certified Communities Program

The Montana Certified Communities program, a hybrid of similar programs used in Minnesota, Mississippi, Missouri and Texas, is based on the premise that local development organizations can best determine their needs.³ Therefore,

³ Jerry L. Tavegia, Montana Certified Communities Program, (Montana: Montana Department of Commerce, Business Development Division 1989), 1.

they should have primary responsibility for the creation (or preservation) of wealth and jobs. Montana State Government views itself as only a broker in this aspect of economic development capable of identifying and facilitating options, but not concluding transactions. The state provides no monetary incentive to organizations achieving certification. Communities are eligible to receive state grants for specific projects.

Incentives

Incentives to become certified include the realization that communities must organize, since the state desires only to broker development inquiries. Furthermore, certified communities and organizations receive preference in some federal grants programs, such as community economic development block grants. As the program evolves, many organizations are realizing that individual efforts need to be consolidated into larger groupings. Organizing allows a community to use the collective talents and training of its members, enabling the community to respond effectively to economic development needs. By combining forces, organizations should be able to generate more ideas and a greater variety of alternatives. Additionally, by organizing input time, talents and financial resources organizations increase the likelihood of achieving community or organization goals. Individual members see this effort as a chance to expand community improvement or achieve

greater individual economic wealth.

Montana Certification Requirements

Certification is granted to private organization, cities, counties, regions or reservations. These organizations are usually nonprofit economic development corporations or chambers of commerce. The process is strictly voluntary. Since it requires approximately 300-500 hours of collective community effort, the process can take from five months to five-years to complete.* Community motivation is the major factor that determines the length of this period.

The initial group of communities completed the certification process in 1985. Originally the certification process involved attending several day-long seminars in Helena. The seminar completion rate, twelve months after the program was initiated, was approximately 50 percent. This low completion rate compelled a change. Beginning in 1987, instruction has been administered on-site in five increments. This includes a proficiency exam and four-to-six hour visit by a simulated prospective investor interested in the community, conducted to evaluate the community's preparedness. This resulted in the completion rate increasing to approximately 75 percent in 1988. Along

* Jerry L. Tavegia, The Montana Certified Communities Program Information Sheet, (Montana Department of Commerce, Business Development Division, 1988).

with attending the seminar, requirements for state certification include:

1. Developing local economic information centers to answer any inquiries.
2. Preparing a statistical community profile. This consists of demographics, local and state Business Tax incentives and economic profile.
3. Conducting a comprehensive inventory and catalog of vacant buildings and commercial property.
4. Identifying existing vacant buildings.
5. Administering a business attitude survey.
6. Developing visual and written promotional materials for response to business inquiries.
7. Developing a five-year strategic plan and a one year action plan with specific objectives, deadlines and responsible personnel.⁵

Through these requirements, the program tries to meet its primary objectives of education of local development organizations in the fundamentals of business retention, marketing techniques for procurement of federal and international trade, the expansion of existing businesses, and development and recruiting of new business (new start up or relocation.) The second objective is establishing and maintaining an active network of local development organizations statewide that will respond professionally and

⁵ Tavegia, Information Sheet.

consistently to local economic development concerns and opportunities. The network is designed to receive out-of-state location inquiries forwarded by state commerce departments, and serve as the initial intake mechanism for referral of new business clients to the Small Business Development Center. Technical assistance in marketing, finance, recruitment, international trade and federal contracting is available to certified communities from the Montana Department of Commerce. Currently, forty communities have obtained certification and eight others have undertaken the process of achieving certification standards (see appendix 1). Certification is effective for three years with annual reporting and systems updating required. After three years, organizations must recertify by meeting updated criteria.

Problems

When communities are asked to respond to inquiries or are revisited for recertification, several problems have been noted. One major problem encountered is that following the high level of motivation and activity while attaining certification, there is an inability in some organizations to sustain an operational status after the work is done. This could be due to funding problems, personnel changes or organizational decline. Despite assistance to revive these organizations, it is anticipated 25 per cent of the communities certified in 1986 may not be willing or able to

maintain recertification standards form. Of seventeen test letters of inquiry from Texas sent by the Montana Department of Commerce in 1988 to certified communities, only ten replies were received. To sustain strong local economic development organizations some states, including Idaho and Washington, provide monetary incentives. This could be one solution to the funding problems of development corporations. Another problem is the confusion arising from other similar programs, such as one by the Department of Natural Resources and Conservation. They sponsor educational programs for rural communities, encouraging them to form regional multi-county development organizations.

Some problems have been due to the number of communities certified and the number currently going through the process. Since the program is expanding, and because it has entered into the recertification cycle, the Department of Commerce has found it difficult to maintain effective communication with all the communities. Communication is further complicated by the organization of the program at the Department of Commerce level. This is because only one person is assigned to conduct the certification and recertification training.* This has two primary disadvantages: first, the person conducting the program is the only point of contact in Helena and since the program is

* Jerry Tavegia, interview by author, Helena Montana, 10 September 1990.

expanding, he is most often on the road. The second problem develops because the person involved with the program is also responsible for the evaluation of the program. This makes it impossible to get an unbiased appraisal of the program.

Chapter II

Survey

The primary purpose of the comprehensive survey was to determine the conditions of organizations participating in the Montana Certified Communities Program. Most often a random distribution is used for surveys of this type. However, there are many ways to draw samples for studies. Since this is such a small population not all of them were appropriate for this project.⁷ Therefore, because of the limited number of Certified Communities, surveys were sent to all the organizations.⁸ Surveys were mailed to all certified organizations. This mailing was done by the Department of Commerce, who enclosed a cover letter explaining the study and endorsing it. Organizations were encouraged to be honest in their response to the survey. They were given the addresses of the Department of Commerce and the author, so the response could be sent either through the department or directly to the author. This was intended to limit any bias that could occur when a response required criticism of the program or the Department of Commerce.

Of 39 surveys sent out, 22 organizations responded.

This represents a 56 percent response rate. While it was

⁷ Bill Burges, Facts and Figures: A Layman's Guide To Conducting Surveys, (Boston, the Institute for Responsive Education, 1976), 27.

⁸ See Appendix 1 for a complete list of the Montana Certified Communities.

hoped the response from such a small population would be higher, the results were adequate to draw conclusions about the status of the certified communities organizations.

The survey was divided into five sections. Section one asked questions about funding and the budgets. Information was sought about original and current funding sources and changes that have occurred in the budgets. Section two gathered information about membership, organization and staffing of each corporation organization. Additionally, this section also asked how many inquiries the organizations had received during the first year and since the organization had been formed.

The goals of the organization were examined in section three. Information was gathered about completed goals, revised and abandoned goals. Section four covers the certification process. This includes the length of time for organizations to achieve certification and the man-hours spent on certification and recertification. Questions in this section also determined the status of communication between the Department of Commerce and the organizations. The survey asked how often there was contact with the Department of Commerce and if more or less contact was needed. The final section consisted of open-ended questions used for suggestions, recommendation and explanations. Respondents were asked about the strengths and weaknesses of the program and how it could be improved. Also in this

section space was provided for remarks and explanations of any of the answers given in the other sections.

Section I: Funding

Questions 1 and 2.

1. The original funding source for the organization was:
 - A. donations
 - B. dues or membership fees
 - C. grants
 - D. other (specify)_____
2. The current source of funds for the organization are:
 - A. donations
 - B. dues or membership fees
 - C. grants
 - D. other (specify)_____

These two questions of the survey provided information about the sources of funding. By examining the changes in the sources of original funding and current funding the status of the organizations may be judged. The questions are multiple choice giving the organizations several options. Any organization responding "other" was asked to specify what was being used. Additionally, the organizations were asked to mark all that applied. This was done because organizations often will have more than one source of funding.

Of the organizations responding to these questions, 63 percent reported changes in their funding sources. The

greatest change occurred in the "other" category. Five organizations used this for original funding. Some of these sources were tribal funding, county or city support and tax mill levies. Currently, ten organizations report funding as "other." Additionally, the specific sources have changed. For example, organizations now use investments, income property and income-earning events as sources of income. Eight organizations reported some original funding was from donations. This decreased to only six in the second response. This was the only category where there was a decrease. There was a slight increase in organizations charging membership fees or dues. There was also an increase in the organizations reporting grants as a source of funding. (see Table 2.1)

Changes in Funding Source

Funding source	Original	Current	Percent Change
Donations	8	6	-25%
Membership Fees and Dues	7	9	+28.5
Grants	4	6	+50%
Other	5	10	+100%

Table 2.1

The most interesting aspect of the replies to these questions is the changing of funding sources from donations

and the employment of more funding options. This indicates most of the organizations are expanding, or they are actively trying to meet their goals. Closely related to funding is the next question on expenditures.

Question 3.

3. Total budget expenditures original ----- current -----

Since the organizations are different sizes, in different economical environments, or in communities of different individual wealth, the results were not tabulated on the grant totals, but on the change from the original budget to the current budget. It must be realized that there could be larger expenditure in the initial budget because of start-up costs. These could include such expenses as office materials, the cost of a community attitude survey (required by the Department of Commerce for certification) and brochures.

Seventy percent of the organizations reported either an increase or no change in budget expenditures. The greatest increase was from \$20,000 to \$120,000 and the largest decline was from \$30,000 to \$7,500. When these figures are compared to the previous question about funding, the increases and decreases are easily explained. The organization with large increase of expenditures reported

its current sources of funding as investments. This could account for the large increase in the budget. The decline is also explained by current sources of funding. This organization reports they now receive income from property. Thus, there was probably a large expenditure acquiring the property.

Questions 4-5.

4. Percentage of annual budget used for administrative costs

original

1. 0 - 24%
2. 25% - 49%
3. 50% - 74%
4. 75% - 100%

current

1. 0 - 24%
2. 25% - 49%
3. 50% - 74%
4. 75% - 100%

5. Percentage of annual budget used for promotional costs

original

1. 0 - 24%
2. 25% - 49%
3. 50% - 74%
4. 75% - 100%

current

1. 0 - 24%
2. 25% - 49%
3. 50% - 74%
4. 75% - 100%

In these questions, organizations were asked to compare the original and current percentage of the budget being spent on administrative and promotional cost. An increase in administrative cost could conceivably indicate the hiring of more staff and corresponding growth in the organization. A decrease could indicate some reorganization as staff was reduced. Stable costs and growing membership would indicate a stable expanding organization. Later questions will discuss the staffing changes. Changes in promotional cost also could indicate whether the organizations were growing,

stable, or in a state of disorganization or reorganization. It must be recognized that

Changes in Costs

Response	Administrative Costs	Promotional Cost
No change	50%	58%
Increased	28%	26%
Decreased	22%	16%

Table 2.2

there could be an increased promotional expense, because as these economic development organizations are forming, there is added expense developing material to advertise the organization and the community they are promoting. However, once the material is developed and stockpiled the organization may have a smaller promotional cost. If there is an increase in promotion costs or if there is no proportional change in organizational promotional spending, this could indicate the organizations are stable and growing.

The survey showed (see table 2.2) that organizations usually had no proportional change or increase in spending in both areas. Fourteen organizations reported either no change or an increase in administrative cost and sixteen

reported the same about promotional costs. This indicates that most of the certified community organizations are expanding and growing at a stable rate.

Summary of Funding Questions

These funding questions were intended to identify some financial factors that might impact the effectiveness of local economical development organizations. The questions explored the funding of the organizations and how they have changed from the original funding to now. Also examined were the changes in budget expenditure from the original budget to the current. Finally, questions were asked about what percent of the original budget and the current budget is spent on administrative costs and promotional cost. All responses indicated that most organizations were changing their funding sources, increasing budget expenditures and increasing or maintaining proportional spending in administration and promotion. This first section of the survey indicates the organizations are generally financially sound, but this does not tell about the organization and its members. It is possible for an organization to be growing financially while it is in chaos and thus ineffective. The next section examines membership and internal organization of the certified communities.

Section II: Membership, Organization, Staff and Inquiries

Question 1.

1. Number of membership: starting __ current membership__

This question examines the changes in membership of certified community organizations. If an organization did not show increasing or decreasing membership, there could be some reason to suspect the organization was "a good ol' boys club" which could be (or may become) ineffective. However, an organization that shows a dynamic membership, even decreasing, is usually evolving and active. These organizations should have an impact on local economic development.

Changes In Membership

Changes in Membership	Percentage of response
Increase	78%
Decrease	6%
No Change	16%

Table 2.3

As seen in Table 2.3 most of the organization reported an increase in membership. Because each organization has different populations to draw upon, the number of members increased is less significant than the changes that occurred. For example, Billings has a far greater pool to draw from than Polson or Three Forks, yet all three reported

increases in membership. The increases in membership support the findings of section one that most organizations are active and seeking ways to control their community's economic development.

Question 2.

2. Number of directors since your organization was formed.

This question asked for the number of directors each organization has had since forming. This was an attempt to discover the stability of the leadership in the organization. It is believed that an organization that had minimal leadership changes over time would be more stable and therefore better organized. The responses to this question are suspect. Some organizations report they had no director and others reported as high as fifty directors. While it is possible for an organization to have no director and operate without difficulty, it is hard to imagine any organization can operate effectively with 50 directors. Anaconda, who had the initial presentation in 1986, reported this figure. Averaging the figures provided in the surveys shows that each certified organization would have had eight directors since the certified communities program started. Therefore, because of an apparent misunderstanding about this question, its data must be disregarded.

Question 3.

3. Number of committees: initial _____ current _____

This question asked each organization for the number of committees they had when originally formed and how many there are currently. It is realized that committees are formed, do a function, and then are dissolved. However, since most goals involved in economic development are long term, most committees formed by economic development organizations should be maintained over the long term. Also, as organizations grow and establish new goals, then new committees should be formed.

Changes In Committees

Change In Committees	Percentage
Increase	62%
Decrease	19%
No Change	19%

Table 2.4

It was interesting that every organization who replied to the survey responded to this question. When the organizations were first organized they had an average of three committees per organization. This has increased to an average of five (see Table 2.4). Thus, it could be

concluded that most organizations are growing and are actively involved in the local economic development effort.

Question 4, 5 and 6.

4. Administrative staff size: initial____ current

5. Staff is paid?

1. initial Yes ----- No -----

2. current Yes ----- No -----

6. Staff is employed?

1. initially

-----full time (40 hours a week)

-----part time (less than 40 per week)

2. currently

-----full time (40 hours a week)

-----part time (less than full time)

These questions sought information about the administrative staff employed by the certified community organizations. The first question asked the size of the original and current staff. A change in the size of the staff should indicate whether the organizations are growing, stable or declining. If an organization reported no administrative staff originally, and this situation had not changed, the response was counted as "no change" instead of "no reply." Most organizations reported no change in staffing. However, 28 percent reported an increase in staff and 10 percent reported a reduction (see Table 2.5).

The next questions ask for information about the status of paid staff. If there had been a substantial increase in the payment status of the staff, this should indicate that

organizations are growing and therefore require more professional staff people. Again, most organizations reported no change in the payment status of the staff; 14 percent reported a change from non-payment to payment. This could be misleading. If an organization did not pay the staff originally and still does not, this is a "no change" response. Perhaps a better view is the number of employees paid and the number of full and part-time employees. The response showed a change of eleven paid employee originally and now there are twelve. This can be further clarified

Changes In Employees

Employee and Staff Change	Staff	Paid	Full Time	Part time
Increase	35%	18%	16%	12%
Decrease	12%	12%	12%	12%
No Change	53%	70%	70%	76%

Table 2.5

by looking at the total full time employees versus the total part-time employees, paid or not. When this is tabulated there is a 42 percent increase in the number of employees. Even more important, all the gains are full time.

Despite this, it is important to notice that a small percentage of organizations showed a decline in any of the staffing questions. This indicates most of the

organizations are growing or stable. So even though the employee status must be considered, the most important factor is the small percentage of decline rather than any increases.

Question 7

7. Number of inquiries received first year_____,
total since certification _____.

The intent of this question was to see if the Department of Commerce was effectively channeling inquiries to the Certified Communities. There was an average of ten inquiries per organization during the first year after certification. Aggregate data suggests that this has increased to an average of twenty per year for all the organizations. However, upon closer examination the average is misleading because one organization reported 170 inquiries per year. When this "outlying case" is eliminated from the calculation the average number of inquiries is only nine per year down one from twenty.

This small change in the number of inquiries may not be significant, but it might indicate that once an organization is certified, there is an initial rush of inquiries from the State, but after certification this number tapers off. Another possible reason for the drop in inquiries is the level of activity of the organizations themselves. This is demonstrated by the individual responses to the questions.

Forty-seven percent of the organizations reported an average of ten or more inquiries per year. Another observation was that the size of the community the organization represents did not impact the number of inquiries. For example, Lincoln County Economic Development Council reported an average of 32 inquiries per year, while Kelispell reported only three per year. This indicates that some organizations are actively seeking inquiries and not relying on the Department of Commerce as a sole source. This again demonstrates that the organizations are actively involved in local economic development.

Section III: Goals

This section compiled information about the goals the organizations established in their five-year plans. They were asked to provide the number of goals in the initial five-year plan, the number completed, revised and abandoned. An explanation was requested concerning any abandoned goals. Organizational effectiveness measures how well the organizations are meeting their established goals. Additionally, by measuring goal adjustments, it should be possible to judge the functional ability of organizations to change as the situation changes. Lastly, the goal completion rate and goal abandonment rate should measure the effectiveness of training received from the Department of Commerce in goal setting.

Question 1,2,3 and 4.

1. Number of goals in initial five year plan

- A. Number of goals met -----
- B. Number of goals revised -----
- C. Number of goals abandoned ----- (please explain why if possible in remarks section)

These questions ask for the number of original goals set and the number that have been completed and/or revised. Organizations reported an average of thirteen initial goals. This represents a high of 46 goals for one organization to a low of three for another. The percentage of goal completion is high with 83 percent of the organizations reporting 50 percent or more of the goals completed; a breakdown of this is presented in Figure 2.1. Considering that most economic development goals are long term, this is a impressive figure. Also impressive is the number of revisions; 61 percent have revised less than 40 percent of their original goals and 28 percent revised none. This indicates excellent training in goal-setting by the Department of Commerce. Another indicator is the low number goals abandoned; only five organizations reported abandoning some goals and none of the respondents abandoned all goals. This is further indication of excellent training in goal development. Some reasons for abandoning the goals were lack of staff, duplication of the goal by another economic development organization, and after research concluding the goal was

Montana Certified Communities

Initial Goals Completed and Revised or Abandoned

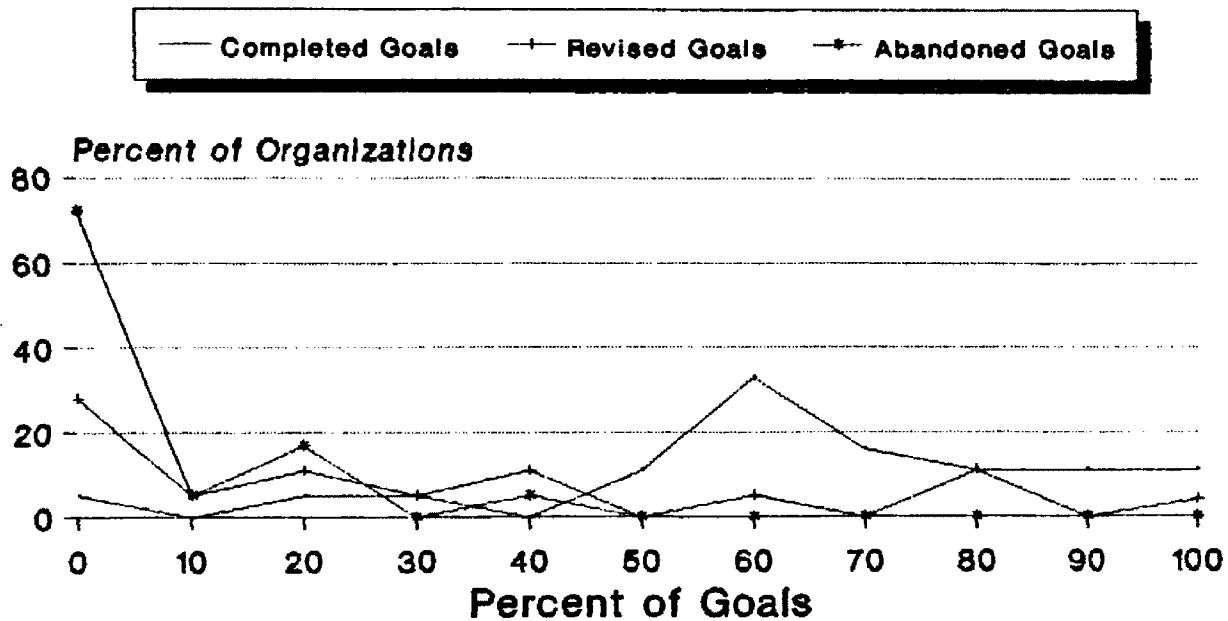


Figure 2.1

unattainable. This examination of goals is significant because it shows training in a reevaluation process, which must be present in every active organization.

Section IV: Certification Process and Communications

Question 1,2,3 and 4.

1. Initial presentation date _____, certification date_____, recertification date _____
2. If applicable do you intend to recertify _____
3. Number of manhours spent of certification process (include all classroom and individual time) _____
4. Number of hours spent on recertification or updating _____

The first questions in this section examines the certification process. This was done by computing the time lapse since each organization had been certified. This data was used to compute the average number of inquiries per year for each organization. Also computed was the amount of time from the initial program presentation until the organization achieved certification. This averaged 11.6 months, with some organizations taking 36 months and others only one month. The average man-hours spent on certification was 341 per organization, or 29.3 man-hours per month. Thus, considerable effort went into fulfilling the requirements for state certification.

When asked if they intended to recertify, every organization replied yes. Those who had already recertified reported considerably less time is spent on the recertification process, an average of 69 man-hours. It

appears that once an organization achieves certification, and the initial data is gathered, it is easier to maintain and update the information for recertification.

Question 5 and 6.

5. Average contact with Department of Commerce.

- A. daily
- B. weekly
- C. monthly
- D. annually

6. Is more or less contact needed with the
 Department of Commerce ----- more -----
 less ---- No Opinion

The final questions in this section concerned the communications between the Department of Commerce and certified organizations. The organizations were asked how often they had communications with the Department and if they felt more or less were needed. Seventy percent stated they had monthly contact with the Department of Commerce, yet they felt that more contact was needed (see 2.6). This supports the findings that there is limited contact with the state and more is desired. This is further explained in the next section "Suggestions and Recommendations."

Actual and Desired Communication

Communications frequency:	Percent of response	Desired Communications	Percent of response
Annually	5%	More	70%
Monthly	70%	Less	0%
Weekly	20%	No opinion	20%
Daily	5%	Other	10%

Table 2.6

Section V: Suggestions and Recommendations

This section consisted of five open ended questions requesting suggestions how the certification process could be improved and how the program as a whole could be improved. Information on the weaknesses and values of the program were also sought. The final question was used to allow the respondents to make comments about the program or the survey. This question was also used to explain any response that required an explanation, such as abandoned goals.

Question 1.

1. How could the recertification/certification process be improved?

This question asked how the certification and recertification process could be improved. The comment most

frequent in this section referred to the necessity for the community to gather different types of data required for certification. Some communities felt that not all the data pertained to smaller communities. For example, location information was questioned that is the highway distance from various cities in the United States and Canada. Another community felt the "community profile forms . . . are in need of some revision" referring in particular to the manufacturing section as inappropriate for some communities. Another organization stated the required information was not pertinent; "the State should make sure information required is pertinent and necessary. Some of the material required has never been requested by a prospect. Time finding the material could be better spent."

Other comments to this question referred to training. It was suggested that the training should be modified for urban or rural organizations. Similarly, the training needs to be set up for small communities that had only volunteer manpower. There were also a requests for greater access to proven examples from other community organizations and greater training in business retention and expansion. Also, mentioned in this question (as it was in most questions) was the need for more contact with the State and other economic development organizations.

Question 2:**2. How could the Certified Communities Program be improved?**

The most consistent response to this question pertained to contact and communications. Some suggested a need for closer contact and better follow-ups. Others wanted more help and inquiries from the State. One comment was the "Department of Commerce should be consistent in sending out lists of prospects to all communities. Columbus has not received a list or any notice of prospects in months." Another commented "we have so little contact with the Department, people in charge have been gone months at a time. . . . No one returns calls, if they do then its weeks later, promise to follow up and never do." This criticism occurred frequently throughout these questions.

Other responses cited a need for better communications between certified communities organizations. It was suggested that a semiannual conference for workshops could be held. Many organizations asked for a quarterly newsletter that could provide such information as idea exchanges, successful accomplishments of organizations, up-to-date resources and techniques. Prospects could be listed there. Additionally, it could list communities certified and those who are scheduled for recertification in the next quarter. This would help the department to fulfill one of

its stated goals of establishing a network to assist local communities in economic development. Right now an apparent weakness of the program is a lack of consistent feedback to the certified organization.

Question 3.

3. What is the weakest feature of the certified communities process?

When asked the weakest feature of the program, 50 percent of the replies related to the lack of contact or follow-ups from the Department of Commerce. One response stated "the Department of Commerce is the weakest aspect of the program" referring to it as "poorly run department." Another stated "once certified, no follow up or contact other than notice of recertification. No contact with other communities." Others stated there was a feeling of isolation after the certification process was finished.

A second popular response referred to networking promised by the Department of Commerce during the certification presentation. One organization asked, "Where is all this networking with the Department of Commerce that we were told we would have when we become certified?" Yet another said, "we need more networking." The lack of prospects was also an issue presented in this question. Several stated the weakest feature of the program was the

"lack of business leads from the Department of Commerce." This complaint was repeated throughout this section of the survey. One organization recognized the difficulty encountered when working with volunteers by stating that it was "hard to retain volunteers and worker enthusiasm." This could be tied to the nature of local economic development; successes are often a long time coming and often require a lot of effort.

Question 4.

4. What is the most valuable feature of the certification process?

The most valuable feature identified in response to this question was being forced to do self assessment. Fifty-five percent of the organizations believed this was the facet that helped the most. The responses varied, from a simple "self assessment," to the more elaborate response of Wolf Point. "The certification process provided a reason and format for Wolf Point to begin constructively criticizing itself." The message clearly states that this program gives those interested in local economic development a format and training to control the community's economic destiny at the lowest level. In this respect the Montana Certified Communities Program is a great success. Other responses echoed this theme. Some of these like the training in goal-setting, knowledge of available help and the training during the certification process. Many stated

it forced them to do some long-term planning and goal setting.

Several organizations did identify community involvement as the most valuable feature. One organization states "it requires community groups to work together toward a common goal. Interaction on the community is collected and put together in a useful format. It helps build community pride." This again recognizes the self-help nature of the programs. It forces a community to identify weaknesses, and organize to create and implement plans to correct them.

Question 5.

5. Any Additional suggestions or remarks on the Certified Cities Program?

This general question was used for any additional remarks or suggestions about the program or certification process. For the most part, these responses mirrored the others. The need for more contact with the state and the need for more external communications was reiterated. There were some more specific suggestions. One suggested the "Department of Commerce have grants that can be applied for when a community has a good prospective business that they need help with." Another suggested that "upon certification, cities should be put on all state department mailing lists to receive free publications."

Some praise for the program was expressed in these responses. For example, one response stated "this is an excellent program." It was also suggested this is a potentially important program to improve the economic condition of the state, but it went on to say "It should be funded and staffed adequately." One interesting comment came from a larger organization. They stated the program "doesn't seem as valuable to the larger communities because of paid staff and their ability to have professional people available."

Chapter III

Case Studies

This chapter examines the Montana Certified Communities program through case studies of the Certified Community organizations in Glendive and Whitefish. These have about the same population. However, there are major differences. They are at opposite ends of the state, allowing observation of an eastern and western Montana community. One is on a major interstate highway, while the other is not, allowing comparison of transportation situations. More importantly, they have differences in economic bases and histories. Whitefish has generally been experiencing stable growth through an extended period. Glendive has been subject to the boom-and-bust cycles of the oil industry. This chapter will introduce each community through a study of its location, environmental conditions, economic base, and current economic condition. Once the basic facts of each community have been established, the certified organizations will be examined.

General Description

Glendive is in the Yellowstone River Valley of Dawson County in southeastern Montana on Interstate 94, 35 miles east of the Montana/North Dakota state line and 225 miles from Billings. Glendive is the first large community on the interstate, west of the North Dakota state line. Glendive is the axis of state Highway 16 north to Sidney, Highway 200

West to Circle and East to Wibaux and Highway 7 south to Baker. Additionally, Glendive has a major Burlington Northern railroad repair facility. These factors earned Glendive a reputation as a major crossroads in Eastern Montana.

Whitefish is located in Northwest Montana, in Flathead valley county, twenty-seven miles from Glacier National Park, fifteen miles from Kalisell on US highway 93 at the southern tip of Whitefish lake. While it is 126 miles from the nearest interstate, it does have several major highways intersecting it and is a major railroad stop for Burlington Northern and Amtrak railroads. This has made Whitefish a transportation and recreation center.

Geographical Information

The geography of the Glendive area includes high rolling plains, tree-covered river bottoms and the artistry of eroded badlands. This geography makes Glendive and Dawson County an outdoor sportsman's paradise. The river bottoms, badlands and prairie coulees around Glendive are sanctuaries for teeming populations of whitetail and mule deer, antelope, fox, coyotes, rabbits and bobcats. Additionally, there are large populations of pheasants, ducks, geese and wild turkeys. Abundant game, numerous access to public lands and generous land owners make hunting Eastern Montana a profitable and enjoyable experience. The Yellowstone River provides generous catches of catfish,

walleye, northern pike, sturgeon and paddlefish. Besides river fishing, numerous ponds, creeks and dams in the area are stocked with northern pike, walleyes, perch, bluegill, trout and bass.*

Whitefish is in the Northern Rocky Mountains on the southern tip of Whitefish lake and north of Flathead lake. Whitefish lake is seven miles long and 276 feet deep and Flathead lake is the largest natural freshwater lake west of the Mississippi River. Additionally, Whitefish is surrounded by other recreational resources, including the Flathead National Forest, the Bob Marshall Wilderness Area and Glacier National Park. The mountains, lakes and rivers around Whitefish abound with populations of whitetail and mule deer, elk, bear and mountain lions. Additionally, there are large populations of ducks, geese and grouse. Whitefish and Flathead lakes, as well as numerous other lakes, rivers and streams, provide superb catches of a variety of trout, whitefish and salmon. In addition, these water ways provide over 1,700 miles of wild and scenic rivers for other types of watersports.

Climatic Information

Glendive's climate is typical of the northern Great Plains with hot, dry summers, long beautiful falls, cold winters and mild springs. Summers are characterized by hot

* Glendive, Montana, Glendive Forward Of Montana, July 1985, 5.

weather. Sunny weather prevails 80 per cent of the summer, with interruptions, mostly during the afternoons, with thundershowers. Summer temperatures usually range between 90 and 40 degrees and on about half of the afternoon in July and August the temperature will reach 90 degrees or more. The extremes have been recorded as high as 117 degrees.¹⁰ Winters, while cold, are not as severe as is thought by many. Somewhat mild weather can occur each winter, however, some very cold weather is not uncommon. In the spring the change from wintery to warm weather is rapid and the progressive cooling in the fall season is very noticeable during October and November.

Whitefish's temperatures play an important role in the area's economy making it attractive for businesses and worker to relocate. The moderate winter is ideal for industry and residents with respect to heating costs. The mild springs and summers provide a perfect climate for cash crops such as cherries, fresh vegetables, barley, mint, apples and others. Annual precipitation in Whitefish averages 17.44 inches of rain and 40.0 inches of snow. The average temperature is 27.1 degrees in January and 74.3 degrees in July.¹¹

¹⁰ R. A. Dightman, Climatological Of the United States No. 20-24, U.S. Department of Commerce Weather Bureau, 1989.

¹¹ An Introduction to Whitefish Montana: A Montana Certified Community, Whitefish Community Development Corporation (1988), 7.

Economic Base

Glendive

Glendive developed as an agricultural and railroad center in the late 1800s. The discovery of oil and natural gas in the 1950s and another oil boom in 1978 caused the Glendive and Dawson County population eventually to grow to approximately 12,314.¹² The completion of the railroad and then again interstate 94 have encouraged the diversification of Glendive's economy by making it a key transportation center in Eastern Montana.

Glendive's long-term economic base has been cattle ranches and grain farms. For years some of the world's best hard Durham wheat has been grown in the area.¹³ The irrigation provided by the Yellowstone River facilitates intensive farming such as wheat, sugar beet and corn. The sugar beets are processed by Glendive's northern neighbor, Sidney. Cattle, sheep and hogs are raised in the area and marketed through the Glendive Livestock Auction Yards. Additionally, an agricultural service and supply industry has developed to meet the needs of Glendive's much varied agricultural community.

Since 1953, oil has been a major factor in Glendive's economy, providing jobs and facilities to service and

¹² Glendive, 7.

¹³ Glendive, Montana Glendive Forward Of Montana, July 1985,

support that industry. Many key oil-related business offices are at Glendive, including Shell Oil Company, Halliburton Services, Oil Well Perforators, Baker Oil Tools and many others. Williston Basin Interstate Pipeline Company has been headquartered here since 1946.¹⁴

Technological advancements in the oil and gas industry have led to pilot projects in tertiary recovery. These, if developed, should prolong the life of the local oil fields and could contribute greatly to Glendive's economy. Additionally, recent world events could have an impact on Glendive's oil industry, possibly requiring increased production and exploration for new sources.

Glendive's location on both a major interstate highway and an east west railroad line has resulted in a major transportation industry. The Burlington Northern maintains a repair shop and provides links to both coasts and points south. After a decline of the railroad industry in the late seventies and early eighties, Burlington Northern has again stated to expand. This is demonstrated by the recently transferred additional people to the repair shop. Three truck carriers contribute to the economy by maintaining terminals and repair facilities in Glendive. Additionally, there has been a recent upsurge in travel during the vacation season with people going to Yellowstone and Glacier National Parks. Since Glendive is the first major community

¹⁴ Community Sales Presentation, Glendive Forward Inc., 2.

encountered in Eastern Montana, there has been an expansion of services along the interstate highway, including restaurants, motels and service stations.

The establishment of Dawson County Community College in 1940 added to Glendive's economic base. The College, which is fully accredited by the Northwest Association of Schools and Colleges, offers degrees of Associate of Arts and Associate of Applied Science. Certificates of program completions in several other areas are also offered. The college offers a variety of courses, vocational training, night classes and adult continuing education. Most curriculums offered at Dawson County Community College supplement the economic need of the community for trained people. Courses in surveying, computer technology, oil and coal technology and mechanics¹⁵ directly enhance Glendive's economic promise.

The needs and services to support the agricultural, energy, transportation and educational industries of Glendive are provided by its business community. This consists of downtown shopping where hardware, clothing and all stable items are available. Adding to the varied shopping are several shopping centers, including independent and chain department stores, large food stores, appliance and many industry-related specialty shops. Glendive's service industries include banking and credit union

¹⁵ Community Sales Presentation, Glendive Forward, 5.

facilities, a variety of repair organizations, entertainment businesses and numerous medical and professional offices.

Whitefish

Whitefish and the Flathead Valley's economic base began with fur trading, grew with logging and came of age with the railroad. Because it is surrounded by mountains on three sides and Flathead Lake to the south, Whitefish and the Flathead Valley were the last portion on Montana to be populated and developed. Thus, they have developed a strong, balanced and diversified economy. Natural resources support not only major recreation and tourism industries but also agricultural, forest products and other manufacturing industries. Larger employers include Plum Creek Lumber, Columbia Falls Aluminum Company and Stoltze Land and Lumber. A new high tech environment has begun to appear as well. Semitool produces silicon chip washers and is expanding production to include ceramic furnaces developed for the semiconductor industry.

Ever since the completion of the railroad in 1889, lumber mills and timber companies have contributed to Whitefish's economy. However, during the decade of the 80s, there was a severe cutback in the timber product industry - production is up but with far fewer employees. When compounded with the environmental concerns about ecological impact, the lumber and timber industry potentially could

decline even further in the future.

Whitefish is a major railroad center. Burlington Northern Railroad maintains major freight and passenger facilities there. These facilities have line to other industrialized parts of the county. Additionally, Amtrak provides daily service to the region through these facilities. International air service is twelve miles away at Glacier International Airport and a shuttle taxi is available. However, there is a small private airfield located just half a mile from the center of Whitefish. While the area does not have a major interstate highway, U. S. Highways 93 and 2 intersect in the region. These provide excellent north/south and east/west transportation and are the central routes to Glacier National Park and to The Big Mountain ski resort. Full trucking services are available, consisting of interstate and intrastate motor carriers, Federal Express and United Parcel Service. These organizations offer overnight, national and international deliveries.

Whitefish's natural resources of mountains, forest, rivers, streams and lakes have made it one of the prime outdoor recreational centers in Northwestern Montana. Being situated next to Glacier National Park, Whitefish offers the best in year round recreational activities and scenic beauty. Within easy access are the Northern Rocky Mountains, national and state forest lands and more than 600

lakes. The Big Mountain resort is a year-round facility offering skiing, access to four golf courses and world renowned hunting and fishing. Thus, tourism and its support industries have become a major factor in the economic base of Whitefish and the Flathead Valley. In fact, one quarter of Montana's tourism expenditures are made within the Flathead Basin.

Agriculture also contributes than more 25 million dollars annually to the Whitefish and Flathead Valley economic base. This is mainly from the production of cereal grain, hay, beef, peppermint, potatoes, dairy products, pork, chickens, eggs, Christmas trees and strawberries. These products provide a highly stable economic input to the area economic base. As a side benefit these lands provide visible wintering areas for wildlife, adding to the attractiveness desired for tourism.

Heavy industry in Whitefish and Flathead valley is mainly timber-related. This includes sawmills and a variety of wood-related products. Recently, there has been a push to diversify the industrial base into other light industries such as those related to silicon and semiconductor industries. It is hoped this will ease the areas' dependence on depletable resources such as timber. This attempt has been somewhat successful, resulting in an increase of manufacturing firms throughout the county.

Support services for tourism, logging, agricultural,

transportation and manufacturing in Whitefish are all provided by its business community. This consists of downtown shopping where hardware, clothing and all stable items are available. Adding to the varied shopping are several shopping centers and tourist specialty shops, large food stores, appliance stores and many industry related specialty stores. Whitefish's service industries also include banking and credit union facilities, a variety of repair organizations, entertainment businesses and numerous medical and professional offices.

As the descriptions show, Glendive and Whitefish have similarities such as railroads and agriculture, yet there economies are very different. Glendive has relied more on its oil and gas resources for long term growth. Whitefish saw the need to diversify and has done so through tourism and light industry. It is important to remember these communities were originally settled for very different reasons -Glendive for agriculture and Whitefish for logging. That difference may help to explain why the current economic situations in each community are so vastly different.

Current Economic Conditions

The current economic condition of each community is directly opposite. Glendive has been losing population and is in an economic slow-down. Conversely, Whitefish is experiencing a period of population growth and economic

boom. Because of the problems being encountered, each Certified Communities Organization is completely different. Glendive must try to revitalize its economy, so it can attract some of its population back. Whitefish must find ways to regulate and control this sudden expansion and demand for community services.

Glendive, despite its economic problems, remains a thriving community, offering a wide range of shopping and services. However, the overall economy of Dawson County has not improved. Although the unemployment rate is lower than in past years, the civilian labor force continues to decline. This is reflected in Glendive's population loss through out-migration. This has decreased the population from a high of 7,085 in 1970 to 5,978 in 1980¹⁶ and a current population of 4,802 (see figure 3.2 and 3.3.)¹⁷

Most unemployed people who do stay most likely find work in part time, low pay, service industries. Glendive continues to lose people because of the lack of lucrative job opportunities. In a 1986 community attitude survey, economic conditions were perceived to be among the top three or four most serious problems facing eastern

¹⁶ Montana Community Profile, Montana Department of Commerce Business Assistance Division, Helena 1989, 1.

¹⁷ 1990 Census of Population, Department of Commerce, Census and Economic Information Center, (February 1991): 2.

Unemployment Rates Comparison

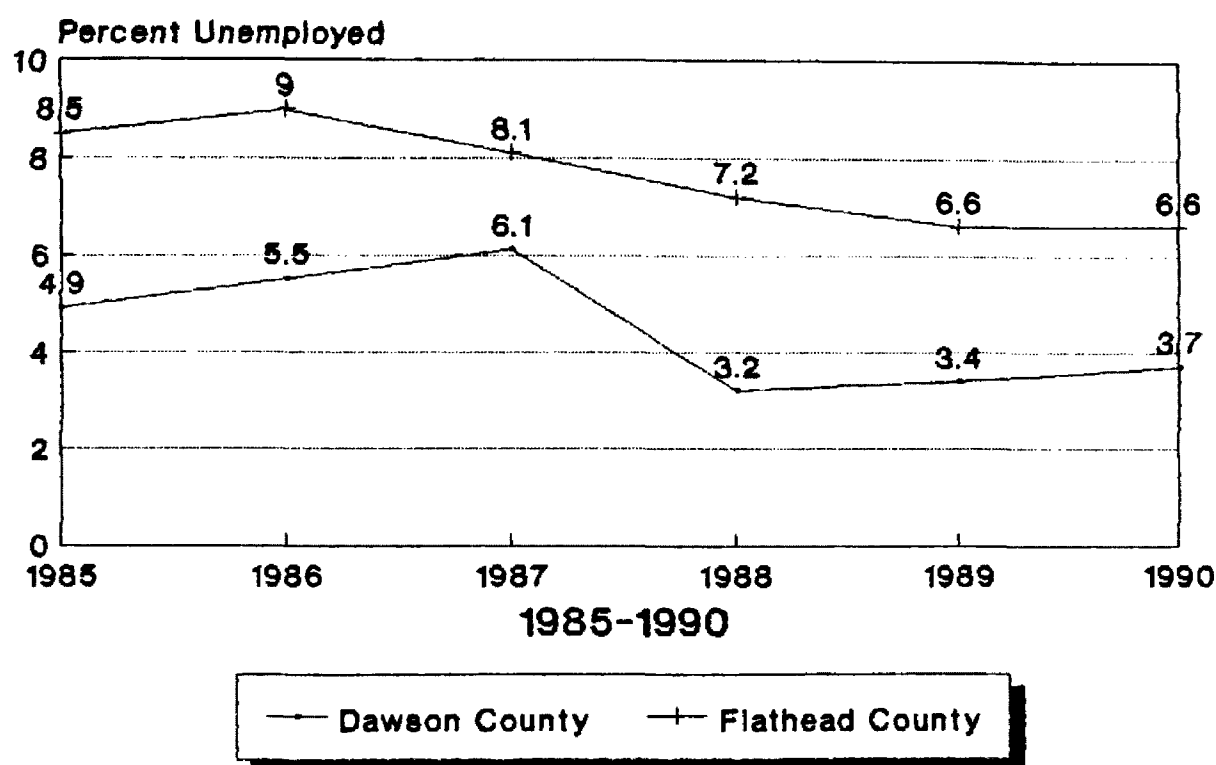


Figure 3.1

Montana.¹⁸

Whitefish's population and labor force has expanded by 18 percent since 1980 and Flathead Valley's population has increased by 14 percent.¹⁹ This has caused a surplus in the labor force for this area. This is reflected in the 8.3

¹⁸ Patrick B. Edgar and Joanne Oreskovich, Glendive Montana Community Attitude Survey, Glendive Forward of Montana, 11.

¹⁹ U.S. Bureau of the Census, 1990 Census of Population for Governmental Units: Montana, 24 January 1991, 2.

County Population Comparison

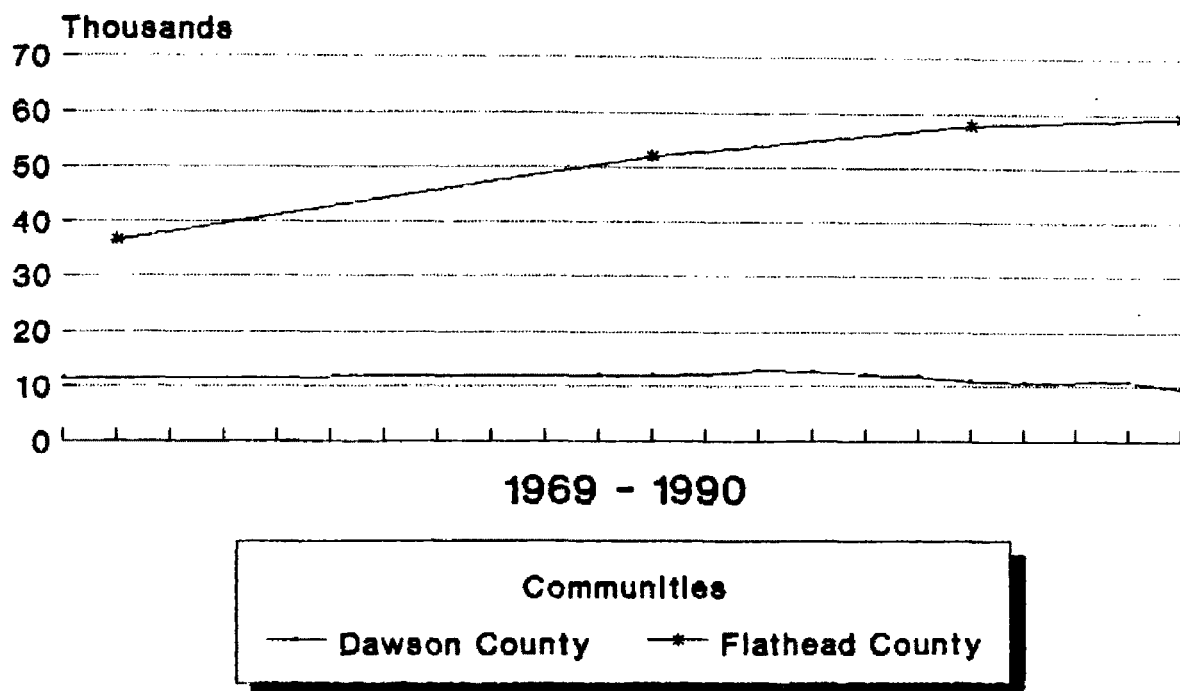


Figure 3.2

percent unemployment rate for December 1990; the national average for the same period was 6.1.²⁰ The county's total employment has shown continuing growth since a small decline in 1982. Unemployment in 1990 was the highest in ten years, with a total average employment of 28,535 of workers.

The number of new businesses fell from 402 in 1985 to about 333 in 1987. However, the services industry increased

²⁰ Montana Department of Labor and Industry, Montana Labor Market Information: Statistics In Brief, Research and analysis Bureau, December 1990: 2-3.

Community Population Comparison

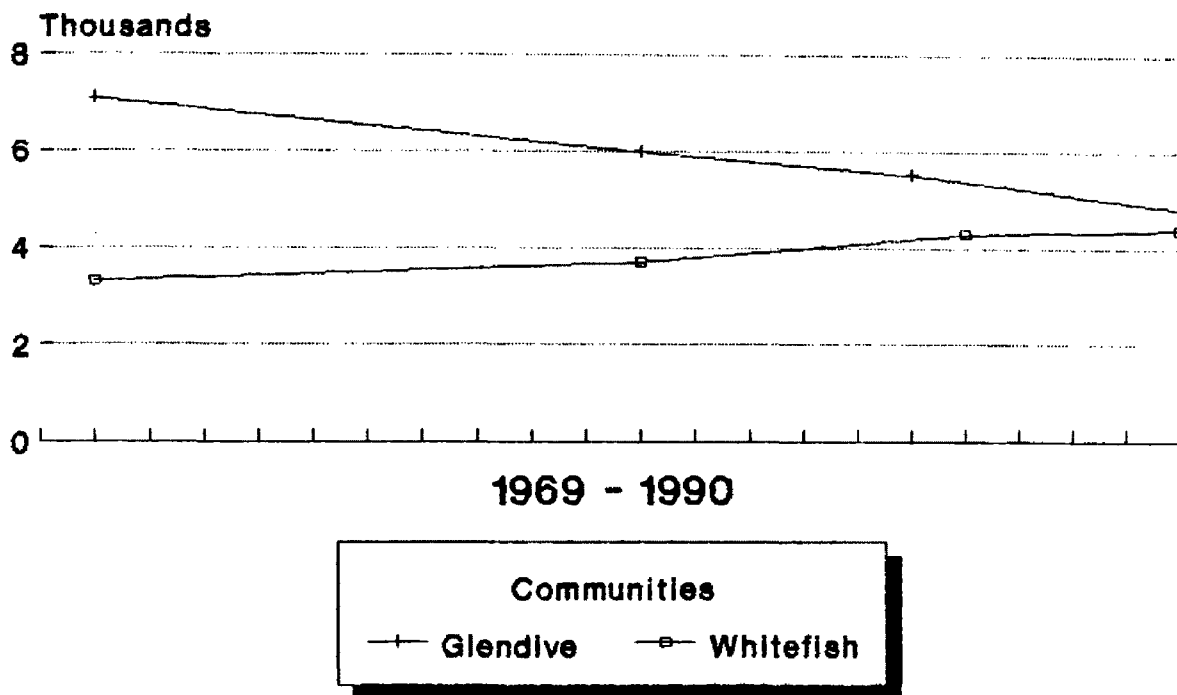


Figure 3.3

with 17 new businesses and manufacturing showed an addition of ten new businesses in 1987. The retail and trade, which had an increase of 124 new business in 1986, had only 91 new business in 1987.²¹

A comparative analysis of the population and the labor force for each community shows the considerable difference

²¹ County Review, Employment and Wages: Flathead County, Vol 2 number 5, (Research and Analysis Bureau, Montana Department of Labor and Industry, October 1988), 1.

in the labor force available. Figure 3.1 shows the counties' monthly unemployment rate from 1985 through December 1990. When this is compared to the population trends in Figure 3.2, Glendive's decreases and Whitefish's rise in unemployment rates are easily explained. Dawson County had a 4.1 percent unemployment rate in December 1990, considerably below the national rate. This looks good when taken alone. But the addition of the population figures explains the low rate. The loss of population means fewer people looking for work, therefore the unemployment rate for that area will be low.

The Flathead area shows the reverse problem; the unemployment rate is higher the national average. This also can be explained by the population chart. There has been an immigration into the Flathead area as more people from areas such as Glendive move to regions currently with a growing economy. Table 3.2 further demonstrates the impact of the decline in Glendive/Dawson county and the increase in Whitefish/Flathead County. This chart shows the change in the civilian labor forces for each area since 1987.

Civilian Labor force	1987	1988	1989	1990
Glendive/Dawson County	6030	5682	5424	5120
WhiteFish/Flathead County	29553	29541	29881	30916

Table 3.1²²

²² Mary Garfield, 3.

The overall economy of Glendive/Dawson County and Whitefish/Flathead County have changed in different ways. The changes in unemployment, civilian labor force and population have all affected local economic development. The oil, mining, agriculture and industry continues to lag in Glendive, and while the timber industry is declining, tourism and service industries continue to expand in Whitefish. The current world situation may provide some temporary relief for the oil and coal situation, but timber-related industries should only worsen. An attempt to influence the local economic cycles in each community occurred in 1985 when groups of interested businessmen and community leaders formed the economic development organizations of Glendive Forward of Montana and The Whitefish Community Development Corporation.

Glendive Forward of Montana

Description

Glendive Forward of Montana Incorporated is the quasi-public economic development corporation that has completed and maintains Glendive's Certified Community status. A primary function of Glendive Forward is to strengthen business capabilities and help existing business to grow and prosper.²³ The organization is committed to providing leadership for the economic development, stability and

²³ Edgar, 1.

quality of life for Glendive and the Dawson County area. They are attempting to realize this commitment "by maintaining liaison with Burlington Northern Railroad, Montana-Dakota Utilities, Shell Oil, and all other major employers, . . . through positive interaction and communication with city and county leadership, a high level of visibility and credibility for Glendive on a State level, and liaison and cooperation with the Chamber of Commerce."²⁴ In its sales presentation Glendive forward states they are "ready to assist . . . in the acquisition of property, services, financial direction and accommodations."²⁵

Glendive Forward of Montana received the initial certified communities presentation in May of 1985. After 500 hours of work they were certified seventeen months later, in October of 1986. The organization was recertified three years later. Glendive Forward had a beginning membership of eighty-one people, eighteen committees and three paid employees (one full time and two part time). Currently, membership has decreased to forty-three members, nine committees and one part time paid employee.

The original source of funding was through donations, membership dues and grants. Its current funding is through

²⁴ Glendive Forward Goals for 1990-92, provide by Glendive Forward.

²⁵ Sales Presentation, 6.

dues and grants. There was an attempt to get a one-mill levy funding by the county; this was abandoned in 1990.²⁶ In May of 1989, the City of Glendive agreed to pay two thousand dollars in membership dues to Glendive Forward. Additionally, the county was approached about support for the organization.²⁷ Glendive Forward reported its first year budget expenditures were twenty-four thousand dollars, ten thousand more than its current budget expenditures. However, the percent of the budget spent on administrative and promotional costs remained the same. This could be a result of the termination of one full-time and one part-time employee. Promotional costs could have remained stable because the large initial cost of having material developed and produced should decrease once a stockpile is obtained. Thus, there would less requirement for huge promotional cost.

Goals

The organization established three initial goals.

These were:

1. Provide leadership and support that enhances the business environment.
2. Provide suggestions and support for the expansion of public services.

²⁶ Maxine Erickson, interview by author, phone interview, Glendive, Montana, 13 February 1991.

²⁷ Ginny Archdale, "Poor Economy Hits Development Group," Glendive Ranger-Review, 15 June 1989, 4.

3. Provide an atmosphere of a positive community attitude.

These initial goals were supported by several short-term objectives. For example, the goal to provide leadership and support that enhances the business environment has objectives such as formulating a lobbying plan for the 1987 Legislature, promoting internal trade, promoting recreational opportunities and developing a campaign promoting energy issues. These objectives were further divided into steps or milestones. These milestones may be very specific, such as: assist the Dawson County Commissioners in building a new access road to the Dawson County Airport within two years or -they are vague, such as: identify and recognize areas to be perused regarding stabilizing the ranching and farming industry.

These goals, objectives and milestones were formulated when Glendive Forward was going through the certification process in 1986. One interesting aspect of these goals is that the timetable to accomplish all the milestones are within one or two years. Economic development is normally thought of as a long term effort. Yet, Glendive Forward reported that all goals were accomplished before recertification and three new goals were added at that time.

Whitefish Community Development Corporation

Description

Whitefish Community Development Corporation (WCDC) is an all volunteer organization formed in 1984 as an economic development corporation. A primary interest of the corporation is to control and influence the economic development of the Flathead region. The organization is committed to providing leadership and political influence for decisions affecting the infrastructure, planning and zoning of Whitefish and Flathead County.

They are attempting to accomplish this through such activities as: conducting a forum entitled "Which Way to Tomorrow" this was a presentation designed to determine directions members of the public were interested in pursuing concerning economic development.²⁸ The major topic discussed during the forum regarded zoning and planning of Flathead County. As a result of the forum, resolutions have been passed by the city councils of the three incorporated cities, many of the Chambers of Commerce and other development organizations regarding planning and zoning in the Flathead region.

Hosting a candidate's night before the primary and general elections. These "Concentrated on those positions, which might have an impact on the economic development

²⁸ David Riegel, from a letter to the author dated 8 January 1991.

issues." Many of the questions and topics discussed during these meeting were developed and refined during the "Which way to tomorrow" forum. This resulted in some candidates Stating the question were the most pertinent and difficult they were asked during the entire campaign.²⁹

Recently, the organization has become involved in the Department of Highway's proposed design to rebuild Highway 93 between Whitefish and Kalispell. The have sponsored a presentation by the Department of Highways on the proposal for the Whitefish City-County Planning Board and the Kalispell City-County Planning Board. Both of whom made recommendations to their governing bodies regarding this issue. A side product of the presentations was a partial agreement between the cities and the Department of Highways regarding this project.

The Whitefish Community Economic Development Corporation received the initial certified communities presentation in May of 1986. After many hours of work they were certified in 1986. The organization was recertified in 1990. The original organization had a beginning membership of three people in 1969 (long before the certification program). Currently, membership has increased to well over a hundred members, with three main committees and no paid employees.

The original source of funding was from public money.

²⁹ Riegel, Letter, 3.

It is currently funded through dues, grants and contract for services. Additionally, there is a one-mill levy funding distributed by the county to various economic development organizations. WCDC reports that its current budget expenditures are 20,000 dollars. This is used for rental of office space and educational programs. Its original budget is unknown due to numerous reorganizations since 1969. However, the current budget represents a substantial operating fund. The promotional budget is only a small percent of the operating expenses. This can be explained by the role Whitefish Community Development has opted to pursue in economic development. There is little need to promote Whitefish. Therefore, because Whitefish Community Development Corporation attempts to control and influence developmental decisions rather than promote Whitefish, promotional cost are low.

Goals

The goals of this organization were originally much like those of Glendive Forward. This could be attributed to the consistency of the goal-setting training by the Department of Commerce during the certification process. This training urged setting specific quantitative goals such as some of the original Whitefish goals. As Whitefish Community Development Corporation began pursuing these goals, they found other organizations already working on many of them. For example, one goal was to establish a

railroad museum. This was being done by The Stumptown Historical Society, who had already begun collecting railroad memorabilia and had set up a museum in the old Depot.³⁰ A theater/library project was dropped because an independent committee remodeled the theater in Central School to serve the needs of the community of the next few years. The library complex is also being explored by this independent committee.³¹ Therefore, because so many organizations had economic development goals similar to those of the Whitefish Community Development Corporation, it was forced to change emphasis and structure of the goals.

In 1989, at the Director planning meeting, the focus of the goals changed. Now importance has been placed more on political and education functions than actual physical community projects. More emphasis is has been placed on the retaining and expansion of existing businesses. To accomplish this, businesses within a ten-mile radius of Whitefish that might have possibilities for expansion were identified. Next, a study was conducted to identify employment and payroll impact for the area businesses. This was to be used as a "basis for gauging progress and

³⁰ Whitefish Area Economic Development Plan for 1986, (Whitefish Community Development Corporation, 1986).

³¹ Report on Whitefish Area Economic Development Plan for 1986, (Whitefish Community Development Corporation, 1991), 1.

promotion of a visible impact on the local economy."³²

This meeting also delegated the Chamber of Commerce as the primary economic development organization responsible for community improvements. Some additional changes established stronger political ties with other economic organizations in the region and established a lobby group for business to related issues. This change set the tone of the organization's current actions. The Whitefish Community Development group has become a more of political group attempting to influence state and local government economic development. They also try to control other economic development groups, such as the Whitefish Chamber of Commerce and the Flathead Economic Development Council.

Comparison

Though Glendive Forward and Whitefish Economic Development Corporation who are members of the Montana Certified Communities Program, they are faced with different economic problems. Glendive's economy has been a succession of boom-and-bust cycles for decades. If Glendive is to break this cycle, its development and rebuilding must be well planned and directed toward a diverse stable economic base. Conversely, Whitefish has been experiencing an economic boom. Its base is diversified and growing rapidly,

³² Taken from the minutes of the Director Planning Meeting 1989.

almost out of control. Whitefish does not have to woo businesses to expand or settle in its region, as does Glendive. It must control the expansion so its long-term economic base will not damage its environment and community.

This explains some of the actions of each organization. For example, in an interview, each organization's administrator was asked what the process was for responding to an inquiry. Glendive responded by describing a formal and methodical response system. Whitefish stated all inquiries were referred to the Flathead Economic Development Council. One problem that is common in an all-volunteer organization is difficulty in motivating people and holding them to deadlines. Glendive stated this was not a problem, the organization was motivated and had an excellent staff. Getting the Eastern Montana Veterans Home located in Glendive can be attributed to its excellent motivation. Whitefish stated there was nothing being done about this problem, though the problem does exist. The Department of Commerce has stated it had to push the Whitefish organization several times to get some things done, but they always got done.³³ Likewise, when information was being gathered for this paper, Glendive was one of the first to respond, Whitefish was the last response received. When asked why it was taking so long, the secretary stated that it was a volunteer organization, therefore it was hard to

³³ Jerry Tavegia, Interview by Author, 14 Jan 1991.

gather all the information.³⁴

This was further stressed in the letter that accompanied the information it stated, "Our organization is all volunteer and the workers of our organization are some of our community's busiest people . . . Although we have a formal office, there never seems to be enough time to get it properly organized."³⁵

These organizations are in the same program, yet they have different problems and different approaches to solving the problems. Though the training received during the certification process is the same, the organizations were mostly left alone after the process. During this evaluation the status of each organization has changed. When Glendive was selected, the initial conclusion was that the organization was not effective and was in danger of losing its certification. Whitefish was considered a good organization and one that was active and growing. However, Glendive Forward has already identified and begun to mobilize its members on yet another a new economic development project.

Whitefish has changed its emphasis as described above. During this transition the Department of Commerce admitted

³⁴ Dorothy Heard, Phone conversation with author, 11 Feb 1991.

³⁵ Riegel, Letter, 1.

that it did not know what was going on "up there."³⁶ Not until this study and the comparison of unemployment to population changes, was it realized the organizations were adjusting to the economic situation of the Flathead region. Controlling the Flathead region's economic growth cannot be accomplished through the same methods being used by Glendive Forward in its attempts to revitalize Eastern Montana's Economy. The next chapter will relate the survey and cases and interpret both.

³⁶ Tavegia, 14 Jan 91.

Chapter IV

Analysis, Conclusions and Recommendations

Analysis of Data

Organizational Status: Funding, Membership, Staffing, and Goals

The analysis of the survey and case studies have examined many aspects of Montana Certified Communities organizations. The discussion and appraisal of each question and case independently shows mixed indications about the impact that organizations are having on local economic development. To get a clearer picture of the effect it is necessary to examine some aspects of the survey and cases together. When this is done the strengths and weaknesses of the program are easily recognized and explained.

It must be remember that the methodology used here is designed to detect changes in the organizations and not to measure the substance or quality of any changes. The goals were chosen as supportive evidence, because they are monitored and approved by the Department of Commerce during the initial certification and upon recertification. Therefore, most goals developed by the organizations should be more than just easy, meaningless objective selected without planning of forethought.

Most Montana Certified Community Organizations are growing and prospering in the areas of funding, membership,

staffing and goal accomplishment. This is true in both Glendive and Whitefish. Funding is changing, varied and innovative. This is indicated by the changes in the sources from donations to a variety of unique funding strategies, such as investments, earning events and income properties. An increase of 20 percent in the number of successful grants is another indicator of the success organizations are having in the area of funding. The reported increase in the expenditure budgets by 70.5 percent of the organizations also support to this finding. This occurred even as an increase in paid staff and in budget expenditures occurred. Therefore, these organizations are becoming more financially stable. As this happens they should be able to increase their impact on local economic development efforts.

Membership and Committee Matrix

Membership and committee changes are also indicators of the status of certified organization. By looking at the survey and correlating these with some basic insights from organizational theory, it is possible to determine the status and effectiveness of the certified communities

Membership and Committees Matrix

	Member Increase	Member Decrease	Member Static
Committee Increase	Healthy	Supported	Closed
Committee Decrease	Limited	Mixed (Glendive)	Short ranged
Committees Static	Controlling (Whitefish)	Troubled	Stagnant

Table 4.1

organizations. Membership has three possibilities it can grow, decline or remain static. While an increase in membership does not always indicate the strength of an organization, it should denote how others perceive the success or chances of success for the organization. The number of committees also has the same three possibilities. When the membership and committee possibilities are combined there are nine possible combinations. These are displayed in Table 4.1 as a matrix.

A healthy organization is one with increases in both membership and committees. This increase also seems to indicate the organization is pursuing its stated goals and/or developing new ones. When funding, staffing and goals for organizations in this category are examined, 83

Montana Certified Communities

Membership and Committees Status

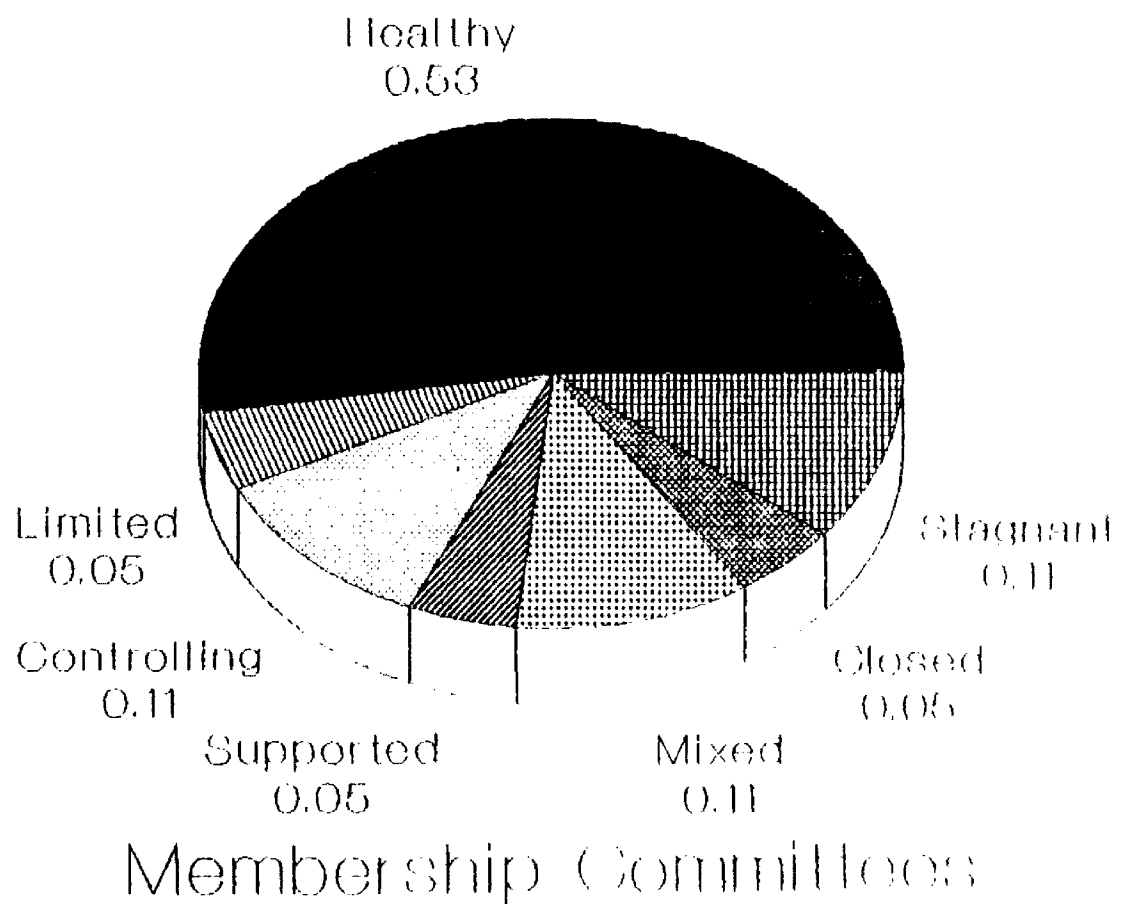


Figure 4.1

percent have had an increase in funding, 71 percent have increased staff size and they have had an average goal completion rate of 61 percent while abandoning only 6 percent. These figures indicate healthy organizations are having a positive impact on the local development effort, or at least that they are able to claim such an impact.

A supported organization is one with a decrease in the membership, but an increase in committees. This is an organization that is actively pursuing goals with limited recruiting of new members. Organizations in this category may have no change in funding or no increase in staff size, but they show a 60% goal completion rate.

Interestingly, funding sources for these organizations are from secure sources, such tribal money or a mill-levy. Thus, there is no need to recruit new members or seek funding from other sources. It should be noted that committee increases shown by organizations in this category were small. Again this small increase with no changes in other areas show an organization actively involved in the local economic development effort. The supported organization should be having some effect on the local economic development.

A controlling organization has a growing membership and a no change in the number of committees. This could indicate an organization that is short on ideas or one that is reexamining what it does. Whitefish Community

Development Corporation falls in this category as discussed in chapter three it has become primarily interested in limiting and directing local economic development. In general funding, staffing and the goal completion rate of organizations in the controlling category show no clear direction of growth. Funding for these organizations has either decreased or has had no change. Staffing has increased in some and remained unchanged in others. Finally, the goal completion rate is also mixed, some have very high rates, while others have low rates. With results as mixed as these it may be concluded that controlling organizations are progressing toward goals, but any impact on local economic development is probably mixed and may be questionable.

Limited organizations are recruiting members, however the number of committees are declining. This may be the result of the recruiting members who may be inactive in the organization. It could be that as a committee accomplishes its goal it is disbanded. However, with increasing membership and decreasing committees, no new goals are formed; therefore, no new committees are formed. This usually means a decrease in active participation of the members. These organizations usually have increased funding, but a change in the funding source from one form to another is common. Staffing for these organizations did not change, but the goal completion rate was 60 percent. This

roughly corresponds to the percentage of committee decrease. This decrease in committees as the goal completion rate rises, seem to indicate the committees are being disbanded as their goals are accomplished. Limited organizations should have an impact on local economic development. However, for continued impact it may be necessary for new members to become more active or for the organization to become more innovative and keep the successful committees going.

Mixed organizations have decreases in both membership and committees; this could indicate the organization is declining and very ineffective. However, these decreases in membership and committees do not always indicate a failing organization. It could be that the organization is going through a reorganization, such as one described by Anthony Downs in his book Inside Bureaucracy. In this cycle there is a change in the types of members in the organization. The initial membership usually has "zealots." These are defined by Downs as members who are "loyal to narrow policies or concepts."³⁷ These members joined the organization to accomplish one goal. Once this is completed, they turn the organization over to the next group which Downs calls "advocates." These new members have a broader idea of the concepts and policies of the

³⁷ Anthony Downs, Inside Bureaucracy, (Boston: Little, Brown And Company, 1967) 88.

organization. Advocates will usually stay with the organization for an extended period and are good administrators.

One way to see which situation exists in an organization is to look at the goal accomplishment rate. If the organization shows that some or most of its initial goals have been met, then the organization may be reorganizing. Glendive Forward is in this category. It has had decreases in funding and staff, but its goal completion rate is 95 percent. Thus, it may be presume Glendive has evolved and is changing. The case study shows that the goal completion rate is not the result of over reporting. Additionally, they have revised their goals by adding new ones. Organizations which may be failing have a goal-completion rate of 20 percent and have had to abandon several goals. This supports the conclusion, that some of these organizations have reorganized while others are failing.

The impact on the local economic development by mixed organizations should be better for organizations that have evolved. First, the zealots have already accomplished their goals; thus, the organization has already had an impact. Second, since new goals have been set and new advocates and zealots are in the organization, the effect is likely to be greater and more long term. The failing organizations are unlikely to have any impact on local economic development

because they have no clear zealot to lead them. Unless they change the organization they probably will fail.

A short ranged organization has a static membership and decreased committees. This could indicate an organization is accomplishing its goal and disbanding the committees as they are no longer needed. It is difficult to believe an organization is not setting new goals and forming new committees. It is possible that this organization was formed just for one or two goals and as these were accomplished or abandoned the organization disbanded. Other possible reasons for short ranged organizations are poor leadership, poor membership motivation or lack of community support. Once again, one way to check this would be to examine the organizational goal completion rate. If goals were being accomplished and no new goals were reported, then the committees may disband as they accomplish their objective. While short ranged organizations would have an impact on local economic development, it would be limited to the accomplished goals. Unfortunately, none of the certified organizations fell into this category so this study cannot verify this assumption.

Troubled organizations have decreasing membership and static committees. These are signs of an organization close to failing unless it is reorganized. Again, goal completion rates could be use to determine this. If the goals were all accomplished and no new goals are set, then the organization

is in trouble and likely to fail. However, if old goals have been met and new goals have been set and still the membership has decreased, then it is possible the zealots have met their goals and have left the organization. Since there are new goals, it is possible the advocates are reorganizing, or they are awaiting new zealots to revitalize the organization. Once again the impact on the economic development would be limited. There were no certified organizations in this category. Thus, these assumptions cannot be verified.

Closed organizations are organizations with static membership but increasing committees. This indicates either the community is small, therefore with limited membership expansion opportunities, or that the organization is tight with no desire to expand. One way to judge which situation might exist is to compare the size of the organization with regional population. The closed organizations located in sparsely populated area have few potential recruits, yet, they are adding goals as the old are completed. However, the closed organizations in populous areas are active and aggressive with little need for recruiting. All organizations in this category reported an increase in funding and a goal completion rate of 100 percent. Thus, all organizations in this category are active and are having an impact on the local economic development. Additionally, the setting of new goals indicates these organizations will

continue to affect the development effort in the long term.

There are four possible explanations for stagnant organizations, those in where membership and committees do not change. First, the organization could form a small community and has all the members the community can produce. Second, the organization did not properly report its membership. Third, the organization could really be static and not affecting local economic development. Finally, the organization could be new and might not have had a chance to develop.

By looking at an organization's certification date, location and goals, the reasons an organization is stagnant should be easily recognizable. Yet, when the certified organizations reporting a stagnant condition were examined, nothing definitive could be ascertained. The organizations were from small communities. They had been certified for at least two years. The only unusual factor was a high number of original goals. These organizations had an average of 24 more goals than the other organizations and accounted for 81 percent of all the abandoned goals. Despite this, because of the number of variables, it is not possible to determine why these organizations remain stagnant. Additionally, since more goals are abandoned than accomplished, the impact of stagnant organizations on economic development is questionable.

Membership and Committees

Matrix

	Member Increase	Member Decrease	Member Static
Committee Increase	Healthy Positive (53%)	Supported Positive (5%)	Closed Positive (5%)
Committee Decrease	Limited Positive (5%)	Mixed (Glendive) Mixed (11%)	Short ranged Little (0%)
Committees Static	Controlling (Whitefish) Mixed (11%)	Troubled Little (0%)	Stagnant Little (11%)

Table 4.2

Table 4.2 gives an impact appraisal each type of organization has on local economic development. Positive indicates that these types of organizations are having a significant impact on local economic development. Little means the organizations are having a slight impact of development. Mixed indicates the organization may have either positive or little impacts but the results will depend on the organization. The number under the impact appraisal is a restatement of figure 4.1 and is the percent of organizations in the Montana Certified Communities Program in each category. This impact varies depending of the type of organization and the current membership. It is

important to realize that an organization's position on the matrix can change. As these organization grow and evolve their location on the matrix should also change.

Conclusion

Fifty-three percent of the Montana Certified Community Organizations are in the healthy category (see Figure 4.1 or table 4.2). This seems to be the most desired position of the matrix, for it shows organizational growth in all areas examined. Organizations in this category should have the greatest effect on local economic development. Of the remaining categories, controlling, mixed and stagnant each had 11 percent of the organizations. These organizations may not be as effective when impacting local economic development, but there is still some impact on the development effort. Limited, supportive and closed organizations each accounted for five percent of the organizations. No organizations were in the remaining categories, troubled and short ranged. Based on the study of factors in the survey, Montana certified communities appear to be able to effect the local economic development efforts, at least according to the accounts by the organizations themselves. The case studies of Glendive and Whitefish supports this. While the impact each had on its own communities' development is different, they have had a positive impact in local economic development.

Analysis of The Certification Process

Criteria that should be considered in any evaluation of the certification process include: the training conducted by the Department of Commerce, the ability of the department to deliver inquiries to the organizations, and the success of attempts to form an economic development network. Another consideration should be procedures designed to monitor the program. This is so needed modifications can be identified and implemented. These were also examined.

Initial Training

The initial training of the Certified Communities by the Department of Commerce appears to be good. This is apparent from two things: first, goals established by the organizations are realistic and accurate. Proof of this is that 72 percent of the organizations had the ability to recognize the need to revise goals and did so. Additionally, only five organizations have had to abandon any goals. This indicates good goal-setting training since organizations are able to analyze goals before they are implemented and monitor goals and revise them as needed (see figure 2.2). Second, when asked what the most valuable feature of the program was, the majority of the responses were directed toward the initial training and the self assessment procedure taught.

The ability and the need of the Department of Commerce to deliver inquiries to the organization is questionable.

While some inquiries should come from the Department of Commerce, initial training should contain some education on how organization could generate their own inquiries. Most of the successful organizations do not need State-generated inquiries. Glendive is an excellent example of this. The Department of Commerce did not direct any inquiries about the Eastern Montana Veterans Home toward Glendive. Likewise, organizations that are trying to control their economic development, rather than refurbish it, do not need State-generate inquiries. Whitefish is an illustration of this. The main concern in Whitefish is the control of local economic development. Whitefish's procedures for processing inquiries confirms this.³⁸ Thus the need for the State to generate inquiries could be reduced if the Department of Commerce identifies those organizations that could generate their own inquiries and train them to do it. This does not mean the State should not direct inquiries to organizations, but the reliance on the State to generate all inquiries would be reduced.

The concept of an economic development network appears to be nonexistent. Most of the major complaints among the organizations relate to the lack of communications. This flaw not only affects the number of inquiries sent to the organizations, it also accounts for the lack of follow-up between the Department of Commerce and organizations. This

³⁸ Heard, interview.

problem appears to be a staffing and organizational problem. The current organization of the Department of Commerce, Business Development Division, has two separate branches handling business inquiries and certified communities. When an inquiry is received, it must be routed through several offices before it is received by the certified communities branch and sent to an organization. A further delay is caused by staffing problems in Helena. Currently only one person handles all of the training, questions, promotion, certification and recertification of the whole state. Since the certified community program has grown rapidly it is impossible for one person to handle all aspects of the program. This is the major contributing factor to slow response in forwarding business inquiries and for the poor communication from the Department of Commerce.

Conclusions

This paper has examined many aspects of the Montana Certified Communities programs in many aspects. The major emphasis has been the organizations, their training and monitoring system. To study these a comprehensive survey and case studies were used. While either of these methods could ascertain any impact, the combined approach has had the advantage of verifying the finding of each. This method also compensates for several weaknesses in each method. For example, the generalization of the case studies is offset by the specific qualitative answers in the survey.

Additionally, because the case studies were conducted independent of the survey, this helps to limit any bias. The variables in this study were selected so that organizations could be judged by structure, goals and training.

Several of the variables were examined, both singularly and in combination with each other. It was felt that stronger conclusions could be developed by combining variables. Each variable could support different conclusions alone. For example, when funding was examined alone, most of the organizations reported changed source and increases in expenditure budget. This could lead to the simple conclusion that the organizations were healthy and growing, but this single variable reveals very little about the effect the organizations are having on local economic development. When several other variables, such as membership and committee changes were examined in combination, the problem became more complex, but the structure of each organization was better understood. To clarify and simplify the problem the combined research approach was used.

The Montana Certified Communities program might be stronger in some organizations than others. The program does have weaknesses in training, communication and monitoring. These weaknesses are causing the program to be less effective than it could be.

The training weakness is a result of too much centralization by the Department of Commerce. The certification training does not educate most of the organizations on how to develop inquiries. Additionally, the presentation of a generic certification process may not be the best approach. The case studies of Glendive and Whitefish demonstrate this. Both went through the same certification without consideration for the individual economic development environment. Yet, Glendive is trying to recover and diversify its economy by attracting and retaining businesses. Whitefish is not even handling inquiries, it is more content to control and influence the direction of the development efforts. Thus, training currently offered was more help to Glendive than Whitefish. If, prior to the certification process, the economic status of a community were ascertained, then the training could be tailored to the community, thus more emphasis to be on those areas needed could be targeted.

Communication is the weakest link in the whole certification process. Not only does the Department of Commerce fail to maintain adequate communications with the certified organization, they have also failed to develop the networking between organizations. The greatest cause of this problem is the lack of staff. When this program was first started there were ten organizations in the first year. Currently, there are 39 certified organizations and

52 organizations are expected to be certified by the end of 1991. Despite this growth, one employee is trained to do the initial presentations, conduct certification training and appraise the recertification of every organization. In addition, the same person is designated as point of contact for all organizations. It is no surprise that no communication network has been developed. It is also not surprising that the state representative of the certified community program has been changed three times since the program was started. The representative is on the road conducting training so much that it is virtually impossible for him to return inquiries before they are no longer important. Whenever a situation exists where employees are over-worked, some of the goals or intentions of the program will be ignored. In this program, both inter- and intra-organizational communications has suffered greatly. This is also related to the final weakness in the program: ie, monitoring.

A monitoring system for the certified communities program does not exist. When conducting the research for this paper the Department of Commerce representative would often state, "I do not know what is going on up there." This problem has two effects on the program.

First, since the program uses a generic presentation, it presents ideal solutions to these organizations. This ignores all variables that may be present in a dynamic

environment. As documented by this research, each economic development organization must, and does, adjust to the environment it operates within. That is just what happens once the certification process is complete. As the organizations begin to operate, they evolve and adjust. Since communication with the Department of Commerce is so poor, the Department is unable to recognize and monitor these changes. Thus, the Department is unable to provide adequate assistance to each organization.

The second impact of the lack of monitoring is the inability to determine whether or not the program is being successful and fulfilling the stated objectives. This study is the first attempt by anyone to ascertain the effect or impact Montana Certified Communities may be having on local economic development effort. Additionally, no one has ever addressed the impact these organization might be having on Montana's development efforts. The Montana Department of Commerce's current measurement of success is by the number of communities certified or recertified. With the increased demand for accountability for investments in economic development by the state and federal governments, it is essential the performance of all economic development programs and economic development organizations be monitored. It is imperative for program managers to be able to identify the strengths and weaknesses of each organization. It is critical to be able to identify where

each organization is on the Membership and Committee matrix and thus adjust assistance as appropriate. While the growth of the program has been outstanding, if it is not properly monitored, training-adjusted and communications-improved, then the program is destined to become obsolete.

Recommendations

The majority of the organizations are having an impact of the local economic development effort, thus there are few recommendations that could be directed at the organizations themselves. The only suggestion might be for organizations to establish the promised network for exchanging ideas. This, while it may seem complex, could be done very simply by one organization visiting the meeting of another, or through simple correspondence with other organizations. Organizations need to realize they are not in competition with one another. Several questions which may appear as though they can only be answered by the state representative could be answered by a fellow-certified community organization. This could certainly reduce the communication problems of the program.

The other recommendation are directed toward the Department of Commerce. If they are truly going to coordinate this program they must know what is happening in each organization. They can accomplish this by increasing the staffing and dividing the State into sectors or districts. This would have several benefits. First, more

people would be available for communication and follow-up. Second, because more than one person would be involved in the training and presentation, more time could be devoted to training, updating and idea exchange. This need not be a major restaffing, three or four districts would sufficient to accomplish this goal.

To resolve the communications problems, there are several options that may be employed. First, a quarterly newsletter could be published and sent to the certified organizations. This could include such information as recertification schedules, opportunities available to organizations, ideas from other organizations, and summaries of reports, and any other pertinent information. This publication need not be limited to the certified communities program, but could include all the economic development programs within the state. This would facilitate idea exchange between organizations and eliminate duplication of effort.

Another option is for the certified communities to form an independent professional organization. This organization could then conduct quarterly or semiannual conferences to which all economic development organizations would be invited to attend. While the initial organizing may have to be conducted by the State, once the organization was operating it would be independent of the State. The State would be able to use it to train personnel, disseminate

information and monitor economic development organizations. This should include all economic development agencies and organizations.

A third option to resolve the communication problem could be the sponsorship of a computer bulletin board. This could be used much like a newsletter, but with the benefit of both interorganization and intraorganization communication. Then organizations could communicate more easily with the State and with each other. The hardware necessary to conduct such a bulletin board is already in most organizations. The state could control the board, and access could be through an 800 number. The cost could be offset through an annual membership fee charge. While some organizations may not have computer equipment to allow for access to the bulletin board, any member of the organization could access it through a personnel setup. The software required for the bulletin board could be purchased initially by the State, however, the State could recover this investment through user's fees. With such a network information, inquiries and schedules could be passed to organizations more efficiently and more economically.

The final problem is most critical if the Montana Certified Communities Program is to survive and continue to be effective in impacting local economic development. The need for procedures to monitor the quality and outcomes of economic development programs is apparent. Critics often

question claims of benefits and success advocated by programs. Legislators call for audits of economic development expenditures for assurance that their budget allocation are spent effectively. Program administrators must be aware of what is going on in each organization and how to modify the program to meet the individual needs of each organization.

The monitoring program recommended here is derived from a study by the Urban Institute.³⁹ This monitoring system focuses on indicators of program quality and outcomes. The indicators are measures of the outcomes a program seeks to bring about, or of the quality of the services provided. The monitoring procedures recommended here are different for traditional methods in three ways. First, these procedures rely on information provided by the client of the agency, in this case the Montana Certified Communities. Second, the procedures are designed to be incorporated into the normal operations of the agency. This is, to provide regular, periodic reports that can be used to identify trends in performance. Third, the suggested performance indicators include both intermediate and final outcomes. From a program manager's view, information on intermediate outcomes is important and can be acted upon even though information on final outcomes may not be available.

³⁹ Harry Hatrai, Monitoring The Quality and Outcome Of Economic Development Programs, The Urban Institute, Washington D.C., 1990.

Any system to assess the program which focuses on governmental assistance with local economic development should assess the quality of the assistance provided to the local organization rather than the ultimate outcomes.⁴⁰ The indicators used to monitor the State's performance must be tailored to the specific program. The indicator selected should provide feedback of each specific service provide by the Montana Certified Communities Administrator (or administrators if there is more than one as suggested). The information for these indicators could come from either a periodic survey, such as the one used for this paper, or a performance appraisal sent to the organizations after certification and recertification. For these types of organization this is the only source of feedback information. These surveys should be sent once a year to each organization. The data collected each year should be saved and compared. To establish a constant feedback cycle, the organizations should be randomly split into four groups and surveys sent to a different group quarterly. When evaluating the responses, the administrator must consider the environment of each organization, categorizing then for easier interpretation. The survey sent for this paper is similar to ones that could be use in the future. However, some information requested in this survey need not be requested in the future. Funding, staffing and expenditures

⁴⁰ Hatrai, 7-2.

are not needed to evaluate the performance of the State.

This report has studied the condition and impact of the Montana Certified Communities Program. It recognizes the program as having varying impact on the local economic development effort. It also recognized several weaknesses in the program. By implementing a regular monitoring system, the Department of Commerce will be able to react to the changing situations of the evolving Certified Communities organizations quickly and correctly. Thus, there will more appropriate training, increased communication and better recognition of what is happening in each organization. This will make the program more effective in performance and outcome, thereby ensuring that it will continue and not be just another economic development program.

Appendix 1

Montana Certified Communities Community Organization

Certified in 1986

Anaconda	Anaconda Local Development Corp.
Billings	Billings Chamber of Commerce
Butte	Butte Local Development Corporation
Chester*	Liberty County Development Corp.
Columbia Falls	Columbia Fall Chamber of Commerce
Fort Peck Reservation	Ft. Peck Tribal Exec. Board
Glasgow/Valley County	Valley County Development Corp.
Glendive	Glendive Forward
Great Falls	Great Falls Area Chamber of Commerce
Hardin	Hardin Chamber of Commerce and Ag.
Havre	Bear Paw Development Corp.
Helena	Helena Area Economic Development Corp.
Kalispell	Kalispell Development Corp.
Red Lodge	Red Lodge Area Chamber of Commerce
Superior/Alberton/ Mineral County	Mineral County Economic Development Corp.
Whitefish	WhiteFish Community Development

* Chester was decertified in 1989 due to noncompliance with state directives.

Certified in 1987

Cut Bank	Cut Bank Chamber of Commerce
Deer Lodge	Powell County Economic Development Corp.
Laurel	Laurel Economic Development Corp.
Lewistown/Fergus County	Heartland Economic Resources Council
Malta/Phillips County	Phillips County Economic Growth Council
Miles City	Miles City Area Chamber of Commerce
Missoula City/County	Missoula Economic Development Corp.
Shelby	Shelby Development Corp.
Townsend/Broadwater County	Broadwater County Development Corp.

Certified in 1988

Big Timber/Sweet Grass County	Sweet Grass County Opportunities
Bridger	Bridger Development Corp.
Choteau	Choteau Certified Communities Organ.
Columbus	Columbus Chamber of Commerce
Dillon/Beaverhead County	Beaverhead Development Corp.
Fort Benton	Fort Benton Economic Development Corp.
Harlow/Wheatland County	Wheatland County Economic Development Corp.
Libby	Lincoln County Economic Development Council
Livingston	Park County Economic Development Corp.

Polson	Polson Community Development Corp.
Ronan	Central Lake County Community Development Corp.
Sidney/Richland County	Greater Richland County Economic Development Corp.
Three Forks	Three Forks Economic Development Council
Wolf Point	Wolf Point Chamber Of Commerce

Communities in the process of achieving certification standards

Belgrade	Hamilton
Blackfeet Reservation	Lincoln
Eureka	Sander County
Forsyth	Whitehall

Appendix 2 Survey

Name Of Organization _____

Section I, Funding

1. The original funding source for the organization was:

- A. donations
- B. dues or membership fees
- C. grants
- D. other (specify) _____

2. The current source of funds for the organization are:

- A. donations
- B. dues or membership fees
- C. grants
- D. other (specify) _____

3. Total budget expenditures

original _____ current _____

4. Percentage of annual budget used for administrative costs

original

- 1. 0 - 24%
- 2. 25% - 49%
- 3. 50% - 74%
- 4. 75% - 100%

current

- 1. 0 - 24%
- 2. 25% - 49%
- 3. 50% - 74%
- 4. 75% - 100%

5. Percentage of annual budget used for promotional costs

original

- 1. 0 - 24%
- 2. 25% - 49%
- 3. 50% - 74%
- 4. 75% - 100%

current

- 1. 0 - 24%
- 2. 25% - 49%
- 3. 50% - 74%
- 4. 75% - 100%

Section II, Personnel

1. Number of membership: starting ____ current
membership ____

2. Number of directors since organization was formed.

3. Number of committees: initial _____ current _____

4. Administrative staff size: initial _____ current

5. Staff is paid?

1. initial Yes ---- No -----
 2. current Yes ---- No -----

6. Staff is employed?

1. initially
 -----full time (40 hours a week)
 -----part time (less than 40 per week)
 2. currently
 -----full time (40 hours a week)
 -----part time (less than full time)

7. Number of inquiries received first year_____, total since certification _____.

Section III, Goals

1. Number of goals in initial five year plan _____
 2. Number of goals met _____
 3. Number of goals revised _____
 4. Number of goals abandoned _____ (please explain why if possible in remarks section)

Section IV, Certification process

1. Initial presentation date _____, certification date_____, recertification date _____
 2. If applicable do you intend to recertify _____
 3. Number of manhours spent of certification process (include all classroom and individual time) _____
 4. Number of hours spent on recertification or updating _____
 5. Average contact with Department of Commerce.
 A. daily
 B. weekly
 C. monthly
 D. annually
 6. Is more or less contact needed with the Department of Commerce _____ more _____ less ____ No Opinion

Section five, Suggestions and recommendations

1. How could the recertification/certification process be improved?

2. How could the Certified Communities Program be improved?

3. What is the weakest feature of the certified communities process?

4. What is the most valuable feature of the certification process?

5. Any Additional suggestions or remarks on the Certified Cities Program?

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